

KEVIN F. PHILLIPS
Special Assistant Attorney General
Montana State Auditor
840 Helena Avenue
Helena, MT 59601
406-444-2040

BEFORE THE STATE AUDITOR
AND COMMISSIONER OF SECURITIES
HELENA, MONTANA

IN THE MATTER OF:)	CASE NO. SEC-2005-41
)	03-07-06-2011
BERNARD M. KOMER, and)	
)	CONSENT AGREEMENT
CITIGROUP GLOBAL MARKETS INC.,)	and ORDER
)	
Respondents.)	

TO: Bernard M. Komer
1830 3rd Ave. East
Kalispell, MT 59901

The Montana Securities Commissioner (Commissioner), pursuant to the authority of the Securities Act of Montana, §30-10-101, et seq., Mont. Code Ann. (2005), hereby alleges the following:

ALLEGATIONS OF FACT

1. Securities Department of the State Auditor's Office of the State of Montana (Department) received information that indicated that Bernard M. Komer (Komer) was the subject of a Chapter 7 bankruptcy, File 9523134, in the Southern District of Florida, within the last 10 years.

2. A review of the Central Registration Depository (CRD), a nationwide computer system developed by NASAA and NASD and implemented in 1981 indicated that Bernard M Komer (CRD 724246) registered in Montana as a salesperson on November 9, 2001, and as an

investment adviser representative on October 31, 2002, with Citigroup Global Markets, Inc. Komer conducts business out of the Citigroup Global Markets, Inc.,'s office located at 1830 3rd Avenue East, Kalispell, MT 59601.

3. The Form U-4, provided to the Department by Citigroup, item 22(K)(1) [revised 11/1991] asks "within the past 10 years have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?" A review of Komer's disclosures on the CRD indicates a "no" to this question. (Exhibit 1.)

4 A review of information obtained from the National White Collar Crime Commission indicates that Bernard M. Komer filed for Chapter 7, Voluntary Bankruptcy, on August 14, 1995, File 9523134, and was subsequently discharged in bankruptcy on January 17, 1996, in the Southern District of Florida.

5. On October 20, 2004, the Department sent a letter to Raymond Mealia, Compliance Director for Citigroup Global Markets, Inc., requesting a copy of Komer's Form U-4 that was effective November 9, 2001, copies of all subsequent amendments to Komer's U-4, a statement from Komer regarding the bankruptcy and an explanation as to why the bankruptcy was not disclosed.

6. Komer provided an explanation to the Department regarding his failure to disclose the bankruptcy in a letter dated October 25, 2004, and stated "in 1995, while a broker at PaineWebber, a personal bankruptcy was filed. The filing was a Chapter 7 that was due to a toxic divorce that lasted from 1992 to 1997 with court proceedings and broke me because of legal fees, and debts from the marriage. PaineWebber said it was not important at the time and decided not to put it on my U-4. I reported it because it was a legal proceeding as required.

When I came to Smith Barney on August 30, 1996, my U-4 went through with no mention because of PaineWebber, but they were made aware of it.”

7. The Department received a response to its October 20, 2004, letter on October 26, 2004. Citigroup Global Markets, Inc. provided a copy of Komer’s original Form U-4 [revised 11/1991] only, dated August 30, 1996, and Komer responded “no” to the question “have you or a firm that you exercised management or policy control over, or owned 10% or more of the securities of, failed in business, made a compromise with creditors, filed a bankruptcy petition or been declared bankrupt.” The form was signed and dated by Komer on August 30, 1996. Furthermore, the form includes the attestation “I have taken appropriate steps to verify the accuracy and completeness of the information contained in and with this application” which was signed and dated on August 30, 1996, by William Diener on behalf of Citigroup Global Markets, Inc. (formerly Smith Barney, Inc.)

Were the foregoing allegations of fact proven to be true, the following would apply:

CONCLUSIONS OF LAW

1. The Montana State Auditor is the Commissioner of Securities (Commissioner) pursuant to §§ 30-10-107 and 2-15-1903, MCA (2003).
2. The Commissioner has jurisdiction over this matter pursuant to §§ 30-10-102, 30-10-107, 30-10-201, 30-10-301, 30-10-304, 30-10-305, 30-10-307, MCA (2003).
3. The administration of the Securities Act of Montana, § 30-10-101, *et seq.*, MCA (2003), is under the supervision and control of the Securities Commissioner. Section 30-10-107, MCA.

4. The Commissioner has jurisdiction over this matter by reason of Respondent's application for salesperson and investment advisor representative registration in Montana. §§30-10-107, 30-10-201, MCA.

5. Komer filed an application for registration as both a salesperson and as an investment advisor representative that, as of its effective date, was incomplete in material respects. § 30-10-201(13)(a), MCA.

AGREEMENT

A. Without admitting or denying the above findings of fact and conclusions of law, Respondent hereby stipulates and consents to the following:

1. Komer will comply with the Securities Act of Montana, and the rules and orders promulgated thereunder;

2. Komer will pay an administrative fine in the amount of \$2,000;

4. Komer waives his right to a hearing on the allegations contained herein.

B. Pursuant to the stipulation and consent of Komer, the Commissioner agrees that if the terms and conditions of the consent agreement are fully met, he will not initiate any civil or administrative action against Respondent regarding the allegations contained herein, pursuant to §30-10-305, MCA (2005).

C. The parties agree and stipulate as follows:

1. Komer will amend his U-4 to reflect his bankruptcy.

2. This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Montana Securities Act, the Department hereby agrees that it will not initiate any civil or administrative action against Respondent regarding the allegations contained in this agreement.

3. Respondent fully and forever release and discharge the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Consent Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the agreement.

Stipulated and consented to on this 20th day of march 2006.

Bernard M. Komer
BERNARD M. KOMER

Subscribed and sworn to before me this 20th day of march 2006.



Greg S. Miller
Notary Public for the State of Montana
Residing at Col. Falls, MT
My commission expires june 9, 2007

Dated this 23rd day of march 2006.

STATE AUDITOR JOHN MORRISON

Kevin F. Phillips
By: KEVIN F. PHILLIPS
Title: SPECIAL ASSISTANT ATTORNEY GENERAL

/////

/////

/////

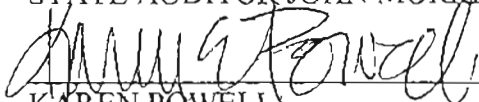
ORDER

On the basis of the Findings of Fact, Conclusions of Law and Respondents' consent to the

entry of this order, for the purpose of settling this matter prior to a hearing, and without admitting or denying any of the Findings of Fact or Conclusions of Law, the Commissioner ORDERS Respondent to pay a fine of \$2,000. The Commissioner further orders Bernard Komer to properly amend his U-4 to reflect a bankruptcy. Additionally, the Commissioner orders Respondent to comply with the Securities Act of Montana and the rules promulgated in support of the Act.

Dated this 21st day of March 2006.

STATE AUDITOR JOHN MORRISON

By 
KAREN POWELL
Title: DEPUTY SECURITIES COMMISSIONER